## KERSEY AND COMPANY

P.O. BOX 1248 FREDERICKSBURG, TX 78624

July 11, 2003

Patrick J. Lyons, Land Commissioner 1220 S. St. Francis Drive Santa Fe, NM 87505

Ref: Kersey & Co./Kersey & Donohue

Case #12811

Dear Mr. Lyons;



It will not be possible for me to be present at the hearing scheduled for July 17, 2003, as I will be on a previously scheduled trip to Kansas. However, as I had stated on my June 13th, 2003 correspondence, I believe that our companies are in compliance, and I would appreciate your consideration of the following information to verify our position.

## Kersey and Donohue Federal #1 API 30-015-01310:

On April 26, 2002 the Federal #1 was plugged according to a procedure approved by the Bureau of Land Management and witnessed by BLM agent Gene Hunt.

## Kersey and Company ASU "A" State #1 API 30-01501306:

Plugging of this well took place May 3 through May 9, 2002, following an O.C.D. approved procedure and witnessed by O.C.D. agent Van Barton.

## Kersey and Company ASU Federal #2 API 30-015-10227:

The well was worked on in March 2002 and a pumping unit was set in May 2002, but there is no electricity within several miles of this location, and the pumping unit must be powered by a combustion engine. Although the well was being pumped monthly (2-3 days per month), it is difficult to keep these engines running. We had to fill approximately 2000 feet of flowline to reach the tank battery, so the first new production at the tank battery was December 2002. I have included C-115 production reports showing production for the last six months. Although we have re-established production, the results have been disappointing. This was a gas well, and we had hoped that by pumping off the fluid, we would again be able to produce gas. Unfortunately, the gas production since the fluid was pumped off has been nil. Obviously this is not going to be an economic operation, and I am sure we will plug this well in the near future. None the less, I do believe we have been in compliance with the requirement set forth to return the well to production.

Sincerely,

Kenneth R. Wade Production Manager

KRW:mk

May 21, 2002

Kersey & Company P.O. Box 1248 Fredericksburg, TX 78624

Ken,

On April 26, 2002 I plugged the Kersey & Donohue K.D. Fed #1 well. I had LaFarge, the local ready mix place bring 70 sacks of Type II cement, mixed with 6.3 gallons of water per sack. It took approximately 62 sacks to fill the hole, about 8 sacks to the pit. BLM witnesses on location were Gene Hunt and another man named Paul.

On Friday May 3<sup>rd</sup> – I attempted to plug the Kersey & Company ASU "A" State #1 well. I pumped 70 sacks Type II cement into the well – but it didn't fill up. The state inspector Van Barton required that we run a wire line to locate the top of the cement. I had Keltic Services run a wire line. We tagged at 151 feet. I had him mail this bill to you.

On May 7<sup>th</sup> – I mixed 10 sacks and finished plugging this well. The hole only took about 6 or 7 sacks. Van Barton was notified this time too but he was a no show.

On May 9<sup>th</sup> I set Dry Hole Markers at each of the two locations with 2 sacks Ouickcrete each.

I cleaned all the bent & junk pipe off both locations.

We need to have The Gas Company remove the gas line risers from each location.

Ken – Please send me a check for \$1453.60 to cover my out of pocket expenses on plugging these wells.

Thank you,

Dale Hughes

#31 Jerry Dr.

Artesia, NM 88210

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To Appropriate District Office	Energy, Mineral	s and Natura	Resources Department		Revised Marc	:h 25, 1999
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3. Address of Operator	<i>.</i> .		_	9. Pool name or		
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To Appropriate District Office	Energy, Minerals and Natural F		7	Revised March 25, 19	
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SIGNATURE Le	retto RWade	TITLE Manager	DATE 03-21-02
	Kenneth R Wade	. ,	<b>83</b> 0 Telephone No. <b>997-75/9</b>
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